



PUBLIC NOTICE

Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554

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July 2, 2002

**PETITION FOR WAIVER OF THE INTERNATIONAL SETTLEMENTS POLICY FOR
A CHANGE IN ACCOUNTING RATE FOR INTERNATIONAL MESSAGE
TELEPHONE SERVICES WITH TELEFONOS DE MEXICO S.A. DE C.V.**

Pleading Cycle Established
ISP-WAV-20020522-00018
ISP-WAV-20020528-00019

Comments/Petitions Due: August 1, 2002

Responses/Oppositions Due: August 16, 2002

Southwestern Bell Communications Services, Inc. ("SBCS") and Sprint ("Sprint") (collectively the "Parties") have filed separate petitions to waive the Commission's International Settlements Policy ("ISP") to lower the accounting rate for International Message Telephone Services ("IMTS") between the Parties and their correspondent in Mexico, Telefonos de Mexico S.A. de C.V. ("Telmex").¹ SBCS has requested a waiver of the ISP in order to implement a proposed settlement rate reduction between SBCS and Telmex for traffic exchanged between the United States and Mexico. Sprint also requests a waiver of the ISP to implement a similar proposed settlement rate reduction between Sprint and Telmex for traffic exchanged between the United States and Mexico.

The average settlement rate currently in effect with Telmex is US \$0.19 per minute. Both Sprint and SBCS have submitted to the Commission proposed agreements with Telmex reflecting reductions in the settlement rate for certain traffic between the Parties and Telmex. The Parties state that the proposed agreements would reduce settlement rates with Telmex as follows: For the period January 1, 2001 through December 31, 2001 each party will pay the proposed average total settlement rate of \$0.155 per minute. For the period January 1, 2002

¹ *Petition for Waiver of the International Settlement Policy for a Change in Accounting Rate for International Message Telephone Services with Telefonos de Mexico S.A. de C.V.* (filed May 22, 2002) (SBCS Petition). *Petition for Waiver of the International Settlement Policy for a Change in Accounting Rate for International Message Telephone Services with Telefonos de Mexico S.A. de C.V.* (filed May 28, 2002) (Sprint Petition).

through February 28, 2002, each party will pay the proposed average total settlement rate of \$0.135 per minute. For the period March 1, 2002 through December 31, 2003, the proposed rates to be paid by the Parties to Telmex (“southbound”) would be divided into three different rates for different locations in Mexico,² and all traffic sent by Telmex to the Parties (“northbound”) would be settled at \$0.055 per minute.³ The proposed settlement rate reductions of the Parties are detailed in the Supplementary Data Statement of their petitions (see Attachments below).

The Parties argue that the Commission may find good cause to waive the ISP to allow implementation of the proposed rates.⁴ The Parties state that the rates proposed are lower than the existing \$0.19 settlement rate.⁵ As such, they argue that waiving the ISP to permit the proposed settlement rate agreement with Telmex to go into effect would promote the public interest.⁶ Both parties note that WorldCom and AT&T have filed petitions with the Commission to implement similar rates with Telmex and that Telmex has offered similar rates to other U.S. carriers.⁷

Pursuant to Sections 1.415 and 1.419 of the Commission's rules, 47 C.F.R. §§ 1.415, 1.419, interested parties may file comments on or before **August 1, 2002**, and reply comments

² SBCS states that the proposed agreement calls for: (1) a settlement rate of \$0.055 per minute for IMTS traffic terminating in the three largest cities in Mexico (Mexico City, Guadalajara and Monterrey); (2) a settlement rate of \$0.085 for IMTS traffic terminating in approximately 200 large and medium sized cities in Mexico; and (3) a settlement rate of \$0.1175 for IMTS traffic terminating in all other locations in Mexico. *SBCS Petition* at 2. Sprint’s proposed agreement calls for identical rates for these categories of traffic. *Sprint Petition* at 2.

³ SBCS also states that the proposed agreement calls for a \$0.095 settlement rate for Home Country Direct (“HCD”), Inbound 800 (International Freephone) and Received Collect traffic for both the northbound and southbound routes. *SBCS Petition* at 2. Sprint states that its proposed agreement calls for a \$0.11 settlement rate for HCD, Inbound 800 and Received Collect traffic for both the northbound and southbound rates. *Sprint Petition* at 2.

⁴ *SBCS Petition* at 2; *Sprint Petition* at 2.

⁵ *Sprint Petition* at 2. *SBCS Petition* at 2 (citing *1998 Biennial Regulatory Review, Reform of the International Settlements Policy and Associated Filing Requirements*, 14 FCC Rcd 7963, 7993, ¶ 80 (1999)). SBCS also notes WorldCom’s estimate that these lower rates will generate cost savings of over \$550 million for the years 2001 through 2003. *SBCS Petition* at 2 (citing *Petition for Waiver of the International Settlements Policy for a Change in Accounting Rate for International Message Telephone Services with Telefonos de Mexico S.A. de C.V* at 2 (Mar. 21, 2002) (*WorldCom Petition*)).

⁶ *SBCS Petition* at 2. Sprint argues that its proposed waiver is in the public interest because it moves the settlement rates closer to cost-based levels on the U.S.-Mexico route and it produces significant cost savings for the carriers, which may be passed along to consumers. *Sprint Petition* at 2.

⁷ *Sprint Petition* at 2. SBCS notes that, because Telmex has offered the same terms and conditions to other U.S. carriers, “the proposed agreement is non-discriminatory... [and] Telmex has not ‘whipsawed any U.S. Carriers.’” SBCS also notes that, as a part of the proposed agreement, Telmex has promised to request the elimination of certain Mexican regulations to ensure fully competitive negotiations of international termination rates on the U.S.-Mexico route by January 1, 2004. *SBCS Petition* at 3.

on or before **August 16, 2002**. Any filings should reference the file number of the proceeding. **An original and four copies** of all pleadings must be filed in accordance with Section 1.51(c) of the Commission's rules, 47 C.F.R. § 1.51(c).

If filed by hand delivery, the Commission's contractor, Vistronix, Inc., will receive hand-delivered or messenger-delivered paper filings for the Commission's Secretary at 236 Massachusetts Avenue, N.E., Suite 110, Washington, D.C. 20002. The filing hours at this location are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes must be disposed of before entering the building.

If filed by mail, the following procedures should be followed: Commercial Overnight Mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743. **U.S. Postal Service first-class mail, Express Mail, and Priority Mail** should be addressed to 445 12th Street, SW, Washington, D.C. 20554. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

In addition, one copy of each pleading must be sent to each of the following:

- (1) The Commission's duplicating contractor, Qualex International, 445 12th Street, S.W., Room CY-B402, Washington, D.C. 20554; e-mail: qualexint@aol.com; facsimile: (202) 863-2898; phone: 202 863-2893.
- (2) George Li, Policy Division, International Bureau, 445 12th Street, S.W., Room 6-A761, Washington, D.C. 20554; e-mail: gli@fcc.gov;
- (3) Claudia Fox, Policy Division, International Bureau, 445 12th Street, S.W., Room 6-A848, Washington, D.C. 20554; e-mail: cfox@fcc.gov;
- (4) Susan O'Connell, Policy Division, International Bureau, 445 12th Street, S.W., Room 6-A847, Washington, D.C. 20554; e-mail: soconnel@fcc.gov;
- (5) David Strickland, Policy Division, International Bureau, 445 12th Street, S.W., Room 5-C848, Washington, D.C. 20554; e-mail: dstrickl@fcc.gov.
- (6) Gardner Foster, Policy Division, International Bureau, 445 12th Street, S.W., Room 3-A625, Washington, D.C. 20554; e-mail: gfoster@fcc.gov.

Copies of the application and any subsequently-filed documents in this matter may be obtained from Qualex International, in person at 445 12th Street, S.W., Room CY-B402, Washington, D.C. 20554, via telephone at (202) 863-2893, via facsimile at (202) 863-2898, or via e-mail at qualexint@aol.com. The applications and any associated documents are also available for public inspection and copying during normal reference room hours at the following Commission office: FCC Reference Information Center, 445 12th Street, S.W., Room CY-A257, Washington, D.C. 20554.

For further information, contact Gardner Foster, International Bureau, at (202) 418-1460.

ATTACHMENT 1

Supplementary Data Statement – Settlement Rates Between SBCS and Telmex

The settlement rate for IMTS service with TELMEX will be changed as shown below:

		Settlement Rate Per Minute:			
	Current	Effective		Effective	
		01/01/00 – 12/31/00	01/01/01 – 12/31/01	01/01/02 – 02/28/02	
TELMEX	Dial Day	\$ 0.21459	\$ 0.21459	\$ 0.16300	\$ 0.1433
	Dial Night	\$ 0.15021	\$ 0.15021	\$ 0.14300	\$ 0.1245
SBCS	Dial Day	\$ 0.22201	\$ 0.22201	\$ 0.16670	\$ 0.1454
	Dial Night	\$ 0.15541	\$ 0.15541	\$ 0.14400	\$ 0.1256
		Effective		Effective	
		01/01/00 – 12/31/00	01/01/01 – 12/31/01		
TELMEX	All U.S. Locations	\$ 0.055	\$ 0.055		
	HCD, I800, Received Collect	\$ 0.11	\$ 0.11		
SBCS	Largest Cities	\$ 0.055	\$ 0.055		

Medium Cities	\$ 0.085	\$ 0.085
Rest of Mexico	\$ 0.1175	\$ 0.1175
HCD, 1800 Received Collect	\$ 0.11	\$ 0.11

Notes:

A separate call setup surcharge of 30 seconds per message shall apply on Home Country Direct calls.

A \$2.00 (U.S.) Surcharge applies per Received Collect message that uses one or more of the following services (Person-to-Person Collect, Station-to-Station Collect) when the ticketing is performed at the originating location.

A three (3) minute minimum charge (at the Dial Day rate where applicable) shall apply for Operator Station, Dial Person Collect and Person-to-Person calls.

Dial Day: Rate period is defined as Monday through Friday 7:00a.m. to 7:00p.m., and Sunday 5:00p.m. to 12:00a.m.

Dial Night: Rate period is defined as Monday through Friday 7:00p.m. to 7:00a.m., all day Saturday & Sunday 12:00a.m. to 5:00p.m.

ATTACHMENT 2

SETTLEMENT RATES BETWEEN TELMEX AND SBCS FOR THE PERIOD MARCH 1, 2002 TO DECEMBER 31, 2003

1. Associated Mexican Numbering Plan Area Codes (MNPAs) for Termination in Mexico City, Guadalajara and Monterrey at \$US 0.055:

55
33
81

2. Associated MNPAs for Termination in "Medium-Sized Cities" at \$US 0.085:

222	438	632	757	958
228	442	633	758	961
229	443	639	762	965
231	444	641	771	967
232	449	642	773	968
238	451	645	775	971
246	452	646	777	981
271	453	653	779	983
272	461	656	782	986
284	462	661	783	987
287	463	662	786	993
311	464	664	791	998
312	466	665	823	999
314	469	667	828	
317	472	668	829	
322	473	669	831	
324	474	676	833	
325	475	686	834	
341	477	713	841	
351	481	714	842	
352	492	715	844	
353	493	721	861	
354	494	722	867	
356	591	726	868	
374	595	727	871	
378	597	728	877	
381	612	732	878	
384	614	733	891	
389	618	735	892	
392	622	736	899	
393	623	744	916	
415	624	747	917	
427	626	754	921	

435	627	755	922
436	631	756	938

3. Associated MNPA's for "Rest of Mexico" Termination at US \$ 0.1175:

223	357	467	694	826
224	358	468	695	827
225	359	471	696	832
226	371	476	697	835
227	372	478	698	836
233	373	482	711	845
235	375	483	712	846
236	376	485	716	862
237	377	486	717	864
241	379	487	718	866
243	382	488	719	869
244	383	489	723	872
245	385	495	724	873
247	386	496	725	894
248	387	498	729	897
249	388	499	731	913
273	391	588	734	914
274	394	592	737	918
275	395	593	738	919
276	411	594	739	923
278	412	596	741	924
279	413	599	742	932
281	414	613	743	933
282	417	615	745	934
283	418	616	746	936
285	419	621	748	937
288	421	625	749	951
294	422	628	751	953
296	423	629	753	954
297	424	634	759	962
313	425	635	761	963
315	426	636	763	964
316	428	637	764	966
318	429	638	765	969
319	431	643	766	972
321	432	644	767	982
323	433	647	768	984
326	434	648	769	985
327	437	649	772	988
328	441	651	774	991
329	445	652	776	992
342	447	658	778	994

343	448	659	781	995
344	454	671	784	996
345	455	672	785	997
346	456	673	789	
347	457	674	797	
348	458	675	821	
349	459	677	824	
355	465	687	825	

SUPPLEMENTARY DATA STATEMENT
SETTLEMENT RATES BETWEEN
SPRINT AND MEXICO ("TELMEX")

Effective January 1, 2001, the accounting rate for International Message Telephone Service (IMTS) for traffic between Sprint's U.S. service area and Mexico ("Telmex") will be changed as follows:

SETTLEMENT RATE PER MINUTE

IMTS and ISDN	(Per conversation minute)		EFFECTIVE	EFFECTIVE
			01/01/01 - <u>12/31/01*</u>	01/01/02 - <u>02/28/02*</u>
	<u>CURRENT*</u>			
SPRINT	\$0.22201	Dial Day	\$0.16670	\$0.1454
	\$0.15541	Dial Night	\$0.1440	\$0.1256
TELMEX	\$0.21459	Dial Day	\$0.16300	\$0.1433
	\$0.15021	Dial Night	\$0.14300	\$0.1254
SURCHARGE**	\$2.00		\$2.00	\$2.00

*** A SEPARATE CALL SET UP SURCHARGE OF 30 SECONDS PER MESSAGE WILL APPLY ON SPRINT ACCESS (HOME COUNTRY DIRECT) CALLS.**

** A \$2.00 Surcharge applies per Received Collect message that uses one or more of the following services (Person-to-Person Collect, Station-to-Station Collect) when the ticketing is performed at the originating location.

FOR OPERATOR-STATION, DIAL PERSON COLLECT AND PERSON TO PERSON CALLS, A THREE (3) MINUTE MINIMUM CHARGE AT THE PEAK RATE SHALL APPLY FOR EACH MESSAGE.

The Dial Day and Dial Night Time Periods are as follows:

Dial Day	Monday - Friday	7:00 AM - 7:00 PM
	Sunday	5:00 PM - 12:00 AM
Dial Night	Monday - Friday	7:00 PM - 7:00 AM
	Saturday	All Day
	Sunday	12:00 AM - 5:00 PM

INTERNATIONAL MESSAGE TELEPHONE SERVICE INCLUDES IDDD, SPRINT ACCESS (HOME COUNTRY DIRECT), INTERNATIONAL OPERATOR SERVICE, AND INTERNATIONAL TOLL FREE SERVICE.

SUPPLEMENTARY DATA STATEMENT
SETTLEMENT RATES BETWEEN
SPRINT AND MEXICO ("TELMEX")

Effective March 1, 2002, the accounting rate for International Message Telephone Service (IMTS) and International Switched Digital Service (ISDN) for traffic between Sprint's U.S. service area and Mexico ("Telmex") will be changed as follows:

SETTLEMENT RATE PER MINUTE

IMTS and ISDN (Per conversation minute)		EFFECTIVE 03/01/02 - <u>12/31/03</u>
SPRINT * - IDDD,IOS	Factor 1 Cities	\$0.0550
	Factor 2 Cities	\$0.0850
	Factor 3 Cities	\$0.1175
SPRINT - IOS Collect, HCD, ITFS		\$0.1100
TELMEX - IDDD, IOS		Flat \$0.055
TELMEX - IOS Collect, HCD, ITFS		\$0.110
SURCHARGE**		\$2.00

* Please see attached tables for corresponding Factor Pricing.

** A \$2.00 Surcharge applies per Received Collect message that uses one or more of the following services (Person-to-Person Collect, Station-to-Station Collect) when the ticketing is performed at the originating location.

FOR OPERATOR-STATION, DIAL PERSON COLLECT AND PERSON TO PERSON CALLS, A THREE (3) MINUTE MINIMUM CHARGE AT THE PEAK RATE SHALL APPLY FOR EACH MESSAGE.

The Dial Day and Dial Night Time Periods are as follows:

Dial Day	Monday - Friday	7:00 AM - 7:00 PM
	Sunday	5:00 PM - 12:00 AM
Dial Night	Monday - Friday	7:00 PM - 7:00 AM
	Saturday	All Day
	Sunday	12:00 AM - 5:00 PM

INTERNATIONAL MESSAGE TELEPHONE SERVICE INCLUDES IDDD, SPRINT ACCESS (HOME COUNTRY DIRECT), INTERNATIONAL OPERATOR SERVICE, AND INTERNATIONAL TOLL FREE SERVICE.